

## Message Text

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ACTION EB-07

INFO OCT-01 EUR-12 EA-09 ISO-00 AID-05 CIAE-00 COME-00

FRB-01 INR-07 NSAE-00 USIA-15 TRSE-00 XMB-04 OPIC-06

SP-02 CIEP-02 LAB-04 SIL-01 OMB-01 NSC-05 SS-15

CEA-01 L-03 H-02 PA-02 PRS-01 IO-13 ITC-01 /120 W

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P R 190900Z APR 76

FM AMEMBASSY TOKYO

TO SECSTATE WASHDC PRIORITY 8578

INFO AMEMBASSY BONN

AMEMBASSY LONDON

AMEMBASSY PARIS

AMEMBASSY ROME

AMCONSUL HONG KONG

USMISSION EC BRUSSELS

USMISSION OECD PARIS

UNCLAS TOKYO 5740

DEPT PASS TREASURY, CEA AND FEDERAL RESERVE

E.O. 11652: N/A

TAGS: EFIN, JA

SUBJECT: JAPAN'S BALANCE OF PAYMENTS IN MARCH - PROVISIONAL

REF: TOKYO 5611

1. SUMMARY: JAPAN'S B/P CONTINUED SHARP IMPROVEMENT IN MARCH MAINLY DUE TO FASTER RECOVERY OF EXPORTS THAN OF IMPORTS, ACCORDING TO PRELIMINARY MARCH B/P STATISTICS. TRADE SURPLUS (N.S.A.) DOUBLE THAT OF FEB AND RECORDED ALL-TIME HIGH LEVEL AT \$1,350 MIL. ON SEASONALLY ADJUSTED BASIS, TRADE SURPLUS ALSO REACHED LARGEST MONTHLY AMOUNT ON RECORD OF \$1,488 MIL. FOR THAT REASON, BASIC AND OVERALL BALANCES RECORDED LARGER SURPLUS IN MAR THAN IN PRIOR MONTH DESPITE NET OUTFLOWS OF LONG-TERM AND NON-MONETARY

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SHORT-TERM CAPITAL. MAR EXPORTS OF COMMERCIAL BANKS'

SHORT-TERM FUNDS WERE NEARLY \$300 MIL LARGER THAN IN FEB. AS RESULT, SURPLUS OF OFFICIAL SETTLEMENTS' BALANCE DECLINED \$258 MIL FROM FEB TO \$310 MIL IN MAR AND OFFICIAL RESERVES INCREASED \$231 MIL. AVERAGE EXCHANGE RATE OF THE YEN APPRECIATED 1.27 YEN TO 300.71 YEN PER DOLLAR IN MAR. END SUMMARY.

2. MAR TRADE SURPLUS (N.S.A.) INCREASED \$681 MIL OVER FEB TO \$1,350 MIL AND RECORDED NEW ALL-TIME HIGH LEVEL. EVEN AFTER SEASONAL ADJUSTMENT TRADE SURPLUS ROSE \$704 MIL OVER PRIOR MONTH TO AN ALL-TIME HIGH RECORD OF \$1,488 MIL. SEASONALLY ADJUSTED EXPORTS (F.O.B.) INCREASED VERY SHARPLY BY \$506 MIL (UP 9.8 PERCENT) TO \$5,644 MIL IN MAR; ADJUSTED IMPORTS (F.O.B.), ON THE OTHER HAND, DROPPED \$198 MIL (DOWN 4.5 PERCENT) AND TOTALED \$4,156 MIL.

3. NET PAYMENTS FOR SERVICES AND TRANSFERS WERE \$570 MIL IN MAR, AN \$83 MIL RISE OVER FEB DEFICIT. MOF OFFICIAL NOTED INCREASED DEFICIT REFLECTED SEASONAL UPSWING IN PAYMENTS OF INTEREST ABROAD. CURRENT ACCOUNT SURPLUS INCREASED \$598 MIL OVER PRIOR MONTH TO \$780 MIL SURPLUS IN MAR.

4. LONG-TERM CAPITAL MOVEMENTS AGAIN RECORDED NET OUTFLOWS (OF \$110 MIL) IN MAR FROM ZH\$333 MIL NET INFLOW IN PRIOR MONTH. MAR NET INFLOW OF FOREIGN CAPITAL WAS VERY HEAVY AT MORE THAN \$500 MIL. NET FOREIGN PURCHASES OF JAPANESE OUTSTANDING SECURITIES REGAINED THE ALL-TIME HIGH RECORD AND AMOUNTED TO MORE THAN \$300 MIL IN MAR. BOND ISSUES ABROAD BY JAPANESE ENTERPRISES IN MAR WERE ALSO ACTIVE AND BROUGHT IN \$205 MIL FOREIGN CAPITAL FOLLOWING FEB ALL-TIME HIGH NET INFLOW OF \$229 MIL. NET OUTFLOW OF JAPANESE CAPITAL, ON THE OTHER HAND, WAS ALSO VERY ACTIVE IN MAR AND TOTALED \$640 MIL. DIRECT INVESTMENT (MOSTLY TO INCREASE CAPITAL OF OVERSEAS SUBSIDIARIES OF JAPANESE ENTERPRISES) TOTALED \$360 MIL; TRADE CREDIT DISBURSEMENTS (MOSTLY TO FINANCE INDUSTRIAL PLANT EXPORTS) (AMOUNTED TO \$80 MIL. YEN-DENOMINATED BOND ISSUE IN JAPAN BY ASIAN DEVELOPMENT BANK ALSO CONTRIBUTED \$50 MIL TO HEAVY NET OUTFLOW OF JAPANESE CAPITAL IN MAR.

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5. BASIC SURPLUS INCREASED \$155 MIL TO \$670 MIL IN MAR. CHANGE IN NON-MONETARY SHORT-TERM FUNDS (INCLUDING ERRORS AND OMISSIONS) WAS SMALL AND RECORDED \$10 MIL NET OUTFLOW. MOF OFFICIAL ATTRIBUTED MAR OUTFLOW TO UNWINDING OF PRE-PAYMENTS MADE FOR SHIPS EXPORTED. (NOTE: AS REPORTED IN REFTEL, SHIP EXPORTS INCREASED VERY SHARPLY BY \$286 MIL, OR UP 69.8 PERCENT, IN MAR OVER FEB LEVEL, N.S.A., ON

CUSTOMS BASIS.)

6. COMMERCIAL BANKS IN JAPAN EXPORTED LARGER SHORT-TERM FUNDS (OF \$350 MIL) IN MAR THAN \$51 MIL NET OUTFLOW RECORDED IN PRIOR MONTH. OFFICIAL SETTLEMENTS' BALANCE RECORDED \$310 MIL SURPLUS, \$258 MIL DROP FROM FEB SURPLUS. PUBLISHED OFFICIAL RESERVES INCREASED \$231 MIL AND AMOUNTED TO \$14,182 MIL AT END OF MAR. GOLD AND FOREIGN EXCHANGE TOTALED \$12,760 MIL, GOLD TRANCHE \$909 MIL, AND SDR'S \$513 MIL.

7. THE YEN CONTINUED TO STRENGTHEN THROUGHOUT MAR AND AVERAGE EXCHANGE RATE OF THE YEN APPRECIATED 1.27 YEN TO 300.71 YEN PER DOL ON SPOT MARKET. FORWARD YEN RATES REMAINED AT DISCOUNT AGAINST SPOT RATES MOST OF MARCH.

8. FOLLOWING ARE PRELIMINARY MOF DATA ON MAR BALANCE OF PAYMENTS IN MIL DOL (IMF BASIS, NOT SEASONALLY ADJUSTED). RECEIPTS AS WELL AS INCREASE IN RECEIPTS OR DECREASE IN PAYMENTS ARE SHOWN AS PLUS. "MIN" INDICATES OPPOSITE:

	MAR	FEB	CHANGE
	PROVISIONAL	REVISED	
(1) CURRENT BALANCE		780	182 598
TRADE BALANCE		1,350	669 681
EXPORTS	5,850	4,717	1,133
IMPORTS	MIN 4,500	MIN 4,048	MIN 452
SERVICES & TRANSFERS	MIN	570	MIN 487 MIN 83
(2) LONG-TERM CAPITAL	MIN	110	333 MIN 443
(3) BASIC BALANCE	670	515	155
(4) NON-MONETARY SHORT-TERM CAPITAL & ERRORS AND OMISSIONS COMBINED	MIN	10	104 MIN 114
(5) OVERALL BALANCE	660	619	41

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(6) COMMERCIAL BANKS SHORT-TERM NET POSITION MIN 350 MIN 51 MIN 299

(7) OFFICIAL SETTLEMENTS  
BALANCE 310 568 MIN 258

9. SEASONALLY ADJUSTED TRADE DATA (IMF BASIS) AS FOLLOWS:

	MARCH	FEB	CHANGE
	PROVISIONAL	REVISED	
EXPORTS	5,644	5,138	506
IMPORTS	MIN 4,156	MIN 4,354	198
BALANCE	1,488	784	704

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## Message Attributes

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